

Securities, Commodities, and Financial Services Sales Representatives

(O*NET 43014A and 43014B)

Significant Points

- A college degree and good sales ability are among the most important qualifications for this profession.
- Employment is expected to grow much faster than average due to increasing investment in securities and other financial products.
- Many beginning securities and commodities sales representatives leave the occupation because they are unable to establish a sufficient clientele; once established, however, these workers have a very strong attachment to their occupation because of high earnings and the considerable investment in training.

Nature of the Work

Most investors, whether they are individuals with a few hundred dollars to invest or large institutions with millions, use *securities, commodities, and financial services sales representatives* when buying or selling stocks, bonds, shares in mutual funds, insurance annuities, or other financial products. In addition, many clients use them for advice on investments and other financial matters.

Securities and commodities sales representatives, also called brokers, stockbrokers, registered representatives, account executives, or financial consultants, perform a variety of tasks depending on their specific job duties. When an investor wishes to buy or sell a security, for example, sales representatives may relay the order through their firms' computers to the floor of a securities exchange, such as the New York Stock Exchange. There, securities and commodities sales representatives known as *floor brokers* negotiate the price with other floor brokers, make the sale, and forward the purchase price to the sales representatives. If a security is not traded on an exchange, such as in the case of bonds and over-the-counter stocks, the broker sends the order to the firm's trading department. Here, other securities and commodities sales representatives, known as *dealers*, buy and sell securities directly from other dealers using their own funds or those of the firm, with the intention of reselling the security to customers at a profit. After the transaction has been completed, the broker notifies the customer of the final price.

Securities and commodities sales representatives also provide many related services for their customers. They may explain stock market terms and trading practices; offer financial counseling or advice on the purchase or sale of particular securities; and devise an individual client financial portfolio, which could include securities, life insurance, corporate and municipal bonds, mutual funds, certificates of deposit, annuities, and other investments.

Not all customers have the same investment goals. Some individuals prefer long-term investments for capital growth or to provide income over a number of years; others might want to invest in speculative securities that they hope will rise in price quickly. Securities and commodities sales representatives furnish information about advantages and disadvantages of an investment based on each person's objectives. They also supply the latest price quotes on any security, as well as information on the activities and financial positions of the corporations issuing these securities.

Most securities and commodities sales representatives serve individual investors, but others specialize in institutional investors. In institutional investing, sales representatives usually concentrate on a specific financial product, such as stocks, bonds, options, annuities, or commodity futures. At other times, they may also handle the sale of new issues, such as corporate securities issued to finance plant expansion.

The most important part of a sales representative's job is finding clients and building a customer base. Thus, beginning securities and commodities sales representatives spend much of their time searching for customers—relying heavily on telephone solicitation. They may also meet clients through business and social contacts. Many sales representatives find it useful to contact potential clients by teaching adult education investment courses or by giving lectures at libraries or social clubs. Brokerage firms may give sales representatives lists of people with whom the firm has done business in the past. Some brokers inherit the clients of representatives who have retired.

Financial services sales representatives sell banking and related services. They contact potential customers to explain their services and to ascertain customers' banking and other financial needs. In doing so, they discuss services such as deposit accounts, lines of credit, sales or inventory financing, certificates of deposit, cash management, or investment services. They may also solicit businesses to participate in consumer credit card programs. As banks offer more and increasingly complex financial services—for example, securities brokerage and financial planning—financial services sales representatives assume greater importance.

Also included in this occupation are *financial planners*, who use their knowledge of tax and investment strategies, securities, insurance, pension plans, and real estate to develop and implement financial plans for individuals and businesses. Planners interview clients to determine their assets, liabilities, cash flow, insurance coverage, tax status, and financial objectives. They then analyze this information and develop a financial plan tailored to each client's needs. Planners may also sell financial products, such as stocks, bonds, mutual funds, and insurance, or refer clients to other resources.

Working Conditions

Most securities and commodities sales representatives work in offices under fairly stressful conditions. They have access to "quote boards" or computer terminals that continually provide information on the prices of securities. When sales activity increases, due perhaps to unanticipated changes in the economy, the pace can become very hectic.

Established securities and commodities sales representatives usually work a standard 40 hour week. Beginners who are seeking customers may work longer hours. New brokers spend a great deal of time learning the firm's products and services and studying for exams to qualify them to sell other products, such as insurance and commodities. Most securities and commodities sales representatives accommodate customers by meeting with them in the evenings or on weekends.

A growing number of securities and commodities sales representatives, employed mostly by discount brokerage firms, work in call center environments. In these centers, hundreds of representatives spend much of the day on the telephone taking orders from clients or



Securities sales representatives offer investment advice to clients.

offering advice and information on different securities. Often these call centers operate 24 hours a day, requiring representatives to work in shifts.

Financial services sales representatives normally work 40 hours a week in a comfortable, less stressful office environment. They may spend considerable time outside the office meeting with present and prospective clients, attending civic functions, and participating in trade association meetings. Some financial services sales representatives work exclusively inside banks, providing service to “walk-in” customers.

Financial planners work in offices or out of their homes. They usually work standard business hours, but they often have to visit clients in the evenings or on weekends. Many teach evening classes or put on seminars in order to bring in more clients.

Employment

Securities, commodities, and financial services sales representatives held 303,000 jobs in 1998; securities and commodities sales representatives accounted for 8 out of 10. Although securities and commodities sales representatives are employed by brokerage and investment firms in all parts of the country, most sales representatives work for a small number of large firms with main offices in cities, especially New York.

Financial services sales representatives are employed by banks, savings and loan associations, and other credit institutions. Financial planners can work for credit unions, credit counseling firms, banks, and companies that specialize in offering financial advice. Other planners are self-employed workers, many of whom contract out their services with these firms.

Training, Other Qualifications, and Advancement

Because securities and commodities sales representatives must be knowledgeable about economic conditions and trends, a college education is important, especially in larger securities firms. In fact, the overwhelming majority of workers in this occupation are college graduates. Although employers seldom require specialized academic training, courses in business administration, economics, and finance are helpful.

Many employers consider personal qualities and skills more important than academic training. Employers seek applicants who have considerable sales ability, good interpersonal and communication skills, and a strong desire to succeed. Some employers also make sure that applicants have a good credit history and a clean record. Self-confidence and an ability to handle frequent rejections are also important ingredients for success.

Because maturity and the ability to work independently are important, many employers prefer to hire those who have achieved success in other jobs. Some firms prefer candidates with sales experience, particularly those who have worked on commission in areas such as real estate or insurance. Therefore, most entrants to this occupation transfer from other jobs. Some begin working as securities and commodities sales representatives following retirement from other fields.

Securities and commodities sales representatives must meet State licensing requirements, which usually include passing an examination and, in some cases, furnishing a personal bond. In addition, sales representatives must register as representatives of their firm with the National Association of Securities Dealers, Inc. (NASD). Before beginners can qualify as registered representatives, they must pass the General Securities Registered Representative Examination (Series 7 exam), administered by the NASD, and be an employee of a registered firm for at least 4 months. Most States require a second examination—the Uniform Securities Agents State Law Examination. These tests measure the prospective representative’s knowledge of the securities business, customer protection requirements, and recordkeeping procedures. Many take correspondence courses in preparation for the securities examinations. Within two years, brokers are encouraged to take additional licensing exams in order to sell insurance and commodities.

Most employers provide on-the-job training to help securities and commodities sales representatives meet the registration requirements

for certification. In most firms, this training period takes about 4 months. Trainees in large firms may receive classroom instruction in securities analysis, effective speaking, and the finer points of selling; take courses offered by business schools and associations; and undergo a period of on-the-job training lasting up to 2 years. Many firms like to rotate their trainees among various departments in the firm to give trainees a broad perspective of the securities business. In small firms, sales representatives often receive training in outside institutions and on the job.

Securities and commodities sales representatives must understand the basic characteristics of the wide variety of financial products offered by brokerage firms. Brokers periodically take training through their firms or outside institutions to keep abreast of new financial products and improve their sales techniques. Computer training is also important, as the securities sales business is highly automated. Since 1995, it has also become mandatory for all registered securities and commodities sales representatives to attend periodic continuing education classes to maintain their licenses. Courses consist of computer-based training in regulatory matters and company training on new products and services.

The principal form of advancement for securities and commodities sales representatives is an increase in the number and size of the accounts they handle. Although beginners usually service the accounts of individual investors, they may eventually handle very large institutional accounts, such as those of banks and pension funds. After taking a series of tests, some brokers become portfolio managers and have greater authority to make investment decisions over an account. Some experienced sales representatives become branch office managers and supervise other sales representatives while continuing to provide services for their own customers. A few representatives advance to top management positions or become partners in their firms.

Banks and other credit institutions prefer to hire college graduates for financial services sales jobs. A business administration degree with a specialization in finance or a liberal arts degree including courses in accounting, economics, and marketing serves as excellent preparation for this job.

In contrast to securities brokers, financial services sales representatives primarily learn their jobs through on-the-job training under the supervision of bank officers. Outstanding performance can lead to promotion to managerial positions.

There are no formal educational or licensure requirements for becoming a financial planner, but a license is required to offer advice or sell specific securities, mutual funds, or insurance products. And although a college education is not necessary to become a financial planner, the vast majority of planners have a bachelor’s or master’s degree. Courses in accounting, business administration, economics, and finance are particularly helpful.

Many planners also find it worthwhile to obtain a Certified Financial Planner (CFP) or Chartered Financial Consultant (ChFC) designation. These designations demonstrate to potential customers that a planner has extensive training and competency in the area of financial planning. The CFP designation is issued by the CFP Board of Standards in Denver, Colorado and requires relevant experience, completion of education requirements, passing an extensive examination, and adherence to an enforceable Code of Ethics. The ChFC designation is issued by the American College in Bryn Mawr, Pennsylvania, and requires experience and completion of a ten-course study program. Both programs have a continuing education requirement.

Job Outlook

Barring a significant decline in the stock market, the number of securities, commodities, and financial services sales representatives should grow much faster than the average for all occupations through 2008. As people’s incomes continue to climb and they seek better returns on their investments, they will increasingly need the advice and services of a securities and commodities sales representative to realize their financial goals. Growth in the buying and selling of stocks over the Internet will reduce the need for brokers for many transactions.

Nevertheless, the rapid overall increase in investment is expected to spur rapid employment growth among these workers, as a majority of transactions will still require the advice and services of securities, commodities, and financial services sales representatives.

Baby boomers in their peak savings years will fuel much of the investment boom. Saving for retirement is being made much easier by the government, which continues to offer a number of tax-favorable pension plans, such as the 401(k) and the Roth IRA. More women in the workforce also means higher incomes and more women qualifying for pensions. And many of these pensions are self-directed—meaning that the recipient has the responsibility for investing the money. With such large amounts of money to invest, brokers and financial planners will be in demand to provide investment advice.

Other factors that will impact the demand for brokers are the increasing number and complexity of investment products as well as the effects of globalization. As the public and businesses become more sophisticated about investing, they are venturing into the options and futures markets. Brokers are needed to buy or sell these products, which are not available for trading online. Also, markets for investment are expanding with the increase in global trading of stocks and bonds. Further, the New York Stock Exchange has announced its intention to extend its trading hours to accommodate trading in foreign stocks and compete with foreign exchanges. If this takes place, it will vastly increase the demand for brokers, both on the floor of the exchange and in brokerage firms to handle the larger volume of trades.

Employment of brokers, however, will be adversely affected if the stock market or the economy suddenly declines. Even in good times, turnover is relatively high for beginning brokers who are unable to establish a sizable clientele. Once established, though, securities and commodities sales representatives have a very strong attachment to their occupation because of high earnings and the considerable investment in training. Competition is usually intense, especially in larger companies, with more applicants than jobs. Opportunities for beginning brokers should be better in smaller firms.

The number of financial services sales representatives in banks will increase faster than average as banks attempt to become a “one-stop-shop” for investing. Deregulation will allow banks to offer an increasing array of services, such as stocks and insurance, that they have been prevented from offering in the past. Financial planners can also be expected to grow faster than average as an increasingly wealthy population seeks advice on tax and estate planning, retirement planning, and investing.

Earnings

Median annual earnings of securities, commodities, and financial services sales representatives were \$48,090 in 1998. The middle half earned between \$31,400 and \$103,040. The lowest 10 percent earned less than \$22,660; the top 10 percent, more than \$124,800.

Median annual earnings in the industries employing the largest number of securities and financial services sales representatives in 1997 were:

Securities brokers and dealers	\$53,700
Security and commodity services	46,900
Mortgage bankers and brokers	36,300
Commercial banks	33,000

Stockbrokers, who provide personalized service and more guidance over a client’s investments, usually are paid a commission based on the amount of stocks, bonds, mutual funds, insurance, and other products they sell. Commission earnings are likely to be high when there is much buying and selling and low when there is a slump in market activity. Most firms provide sales representatives with a steady income by paying a “draw against commission”—a minimum salary based on commissions they can be expected to earn. Securities and commodities sales representatives who can provide their clients with the most complete financial services should enjoy the greatest income stability. Trainee brokers are usually paid a salary until they develop a client base. The salary gradually decreases in favor of commissions

as the broker gains clients. A small but increasing number of full-service brokers are paid a percentage of the assets they oversee. This fee often includes a certain number of trades done for free.

Brokers who work for discount brokerage firms that promote the use of telephone and online trading services are usually paid a salary. Sometimes this salary is boosted by bonuses that reflect the profitability of the office.

Financial services sales representatives usually are paid a salary; some receive a bonus if they meet certain established goals. Earnings of financial planners can be wholly fee-based, which means they do not receive any commissions for selling a product they recommend. They simply charge by the hour or by the complexity of the financial plan. The majority of financial planners, though, receive commissions on the sale of insurance products or securities, in addition to charging a fee.

Related Occupations

Similar sales jobs requiring specialized knowledge include insurance sales agents and real estate agents.

Sources of Additional Information

- For general information on the securities industry, contact:
- ☛ The Securities Industry Association, 120 Broadway, New York, NY 10271. Internet: <http://www.sia.com>
 - For information about the Certified Financial Planner designation, contact:
 - ☛ The Certified Financial Planner Board of Standards, 1700 Broadway, Suite 2100, Denver, CO 80290-2101. Internet: <http://www.cfp-board.org>
 - For information about job opportunities for financial services sales representatives in various States, contact State bankers’ associations or write directly to a particular bank.

Services Sales Representatives

(O*NET 43017, 43023A, 43023B, 43099A, 43099B, and 49026)

Significant Points

- A significant part of earnings may be in the form of commissions, which can vary considerably depending on performance.
- Considerable travel may be required.

Nature of the Work

Services sales representatives, unlike sales representatives who sell manufactured products, sell an intangible product, a service. For example, services sales representatives for computer and data processing firms sell complex services such as inventory control, payroll processing, sales analysis, and financial reporting systems. Hotel services sales representatives contact associations, businesses, and social groups to solicit convention and conference business. Services sales representatives for personnel supply services firms locate clients and persuade them to hire their firm’s employees. Those in the motion picture industry sell the rights for movie theaters to show their films. Other representatives sell automotive leasing, burial, shipping, protective, and management consulting services. Service sales representatives are also commonly known as “sales reps.” (Information on other sales workers, including insurance sales agents; manufacturers’ and wholesale sales representatives; real estate agents and brokers; retail salespersons; securities, commodities, and financial services sales representatives; and travel agents, appears elsewhere in the *Handbook*.)

Services sales representatives act as industry experts, consultants, and problem solvers. In some cases, they create demand for the firm’s services. To do so, they must thoroughly understand a client’s specific needs and objectives. Successful representatives relate their knowledge and understanding of the client’s business to the services